

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 DODE-00 PM-04 H-01 L-03 PA-01 PRS-01 AGRE-00
/087 W

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R 050335Z JAN 77

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 7766

C O N F I D E N T I A L BANGKOK 0150

UDORN 6594 DEC 76 SENT ACTION BANGKOK INFO VIENTIANE BEING
REPEATED TO YOU FOR YOUR INFO:

QTE

C O N F I D E N T I A L UDORN 6594

E.O. 11652: GDS

TAGS: ETRD, PFOR, TH LA

SUBJ: THAI/LAO BORDER TRADE

REF: BANGKOK 33879

1. IN RESPONSE TO PARA 5 REFTEL POST HAS PREPAED FOLLOWING
INTERIM RESPONSE. FOLLOW-UP REPORT WILL BE SUBMITTED JANUARY 4.
2. INFORMATION IN THIS REPORT IS BASED PRIMARILY ON DISCUSSION
DECEMBER 17 WITH AN INFORMED SOURCE IN NONG KHAI WHO HAS BEEN
AN AGENT FOR THAI IMPORTERS FOR PAST SIX YEARS.
3. ACCORDING TO THIS SOURCE LAO EXPORTS TO THAILAND DURING
PAST YEAR AND A HALF HAVE FALLEN TO APPROXIMATELY ONE FOURTH OF
LEVEL BEFORE COMMUNIST TAKEOVER. LUMBER CONTINUES TO REPRESENT
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ABOUT 90 PERCENT OF THAI IMPORTS FROM LAOS. TWO YEARS AGO
THAILAND IMPORTED WOOD PRODUCTS THROUGH NONG KAH I AT A MONTHLY
AVERAGE IN EXCESS OF ONE MILLION BAHT. OUR SOURCE STATES THAT
THIS FIGURE HAS DROPPED TO CURRENT LEVEL OF APPROXIMATELY
4000,000 BAHT PER MONTH. SOURCE SAYS THAT ONLY ONE OF FOUR
PRINCIPAL THAI LUMBER IMPORT FIRMS OPERATING IN NONG KAH I PAYS
IN US DOLLARS; OTHER THREE NORMALLY CONDUCT BUSINESS ON

BARTER BASIS, PRIMARILY EXCHANGING CEMENT OR BUILDING MATERIALS FOR LAO LUMBER.

4. SOURCE STATES THAT ONE PRINCIPAL REASON FOR GREATLY REDUCED IMPORT WOOD TRADE IS THAT THAI LUMBERING FIRMS ARE NO LONGER PERMITTED TO OPERATE INSIDE LAOS. IN PAST ABOUT 20 THAI COMPANIES CONDUCTED EXTENSIVE LOGGING OPERATIONS IN LAOS, FERRYING THEIR OWN TRUCKS AND EQUIPMENT ACROSS MEKONG RIVER FROM BORDER CROSSING POINTS IN THAILAND. WITHOUT THAI TRANSPORTATION AND OTHER MATERILA ASSETS LAO LUMBERING OPERATIONS HAVE DECLINED MARKEDLY. WE WOULD GUESS THAT UNFAVORABLE SECURITU CONDITIONS RESULTING FROM CONTINUING RESISTANCE ACTIVITIES MAY ALSO HAVE CONTRIBUTED TO THIS DECLINE.

5. A SECOND REASON FOR LUMBER IMPORT TRADE DECREASE IS REDUCTION IN NUMBER OF BORDER CROSSINGS. IN PAST LOGS CUT IN LAOTIAN BORDER PROVINCES NORTHWEST AND SOUTHEAST OF VIENTIANE COULD BE LEGALLY EXPORTED FROM ANY OF SEVERAL RELATIVELY CONVENIENT CROSSING SITES, I.E. SANAKAN, PAKSANE, THAKHEK, SAVANNAKHET AND PAKSE-CHONG MEK. TODAY LOGS FROM THOSE AREAS MUST BE TRUCKED OVER A POOR ROAD SYSTEM, SUBJECT AT VARIOUS POINTS TO AMBUS BY RESISTANCE ELEMENTS, TO THA DEUA-NONG KHAI TRANSIT POINT FOR PROCESSING AND SHIPMENT TO THAILAND.

6. SOURCE HAD NO KNOWLEDGE OF STATUS OF LUMBER TRADE AT SAVANNAKZT/MUKDAHAN BORDER CROSSING WHICH RE-OPENED FOR TWO WAY TRADE IN MID-OCTOBER. CONSOFF VISITED LARGE LUMBER MILL IN MUKDAHJN IN LATE OCTOBER AND OBSERVED LITTLE ACTIVITY. (CONSREP WILL BE VISITING THIS MILL AGAIN THIS WEEK.) AT SAME TIME A
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FORMER CHAT THAI PARTY MP FROM NAKHONNPAPHMOM TOLD US LAST SEPTEMBER WHEN SENI GOVERNMENT SELECTED MUKDAHAN, FROM AMONG A NUMBER OF BORDER POINTS, G S REOPENING THAT REASON FOR MUKDAHAN'S SELECTION WAS INTERESTS WHO REPORTEDLY HAD AN ESTIMATED 200 MILLION BAHT WORTH OF LOGS IN SAVANNAKHET AREA AWAITING SHIPMENT TO THAILAND.

7. ACCORDING TO SOURCE, A THIRD FACTOR LIMITING WOOD EXPORTS IS NEW LPDR REGULATIONS REQUIRING LOGS TO BE PROCESSED AT LUMBER MILLS IN LAOS PRIOR TO SALE ABROAD. APPARENTLY THERE ARE FEW SUCH MILLS NOW OPERATING. EXPORT OF WHOLE LOGS IS SUPPOSEDLY ILLEGAL. LUMBER ENTERING THAILAND AT NONG KHAI IS BEING PROCESSED IN VIETIANE AREA.

8. OUR SOURCE DID NOT COMMENT ON EXTENT OF ILLEGAL LUMBER TRADE BETWEEN LAOS AND THAILAND. WE HAVE NO ESTIMATE TO OFFER OURSELVES AT PRESENT TIME. BASED ON OUR VISITS TO PRINCIPAL BORDER POINTS IN NORTHEAST DURING PAST FIVE MONTHS WE WOULD SPECULATE THAT MOST LIKELY POINTS OF ENTRY INTO THAILAND FOR

SUCH TRADE IS IN CHIANG KHAN/PAK CHOM DISTRICTS IN NORTHERN
LOEI PROVINCE AND KHONG CHIAM AND PHIBUN MANGSAHAN DISTRICT
IN EASTERN UBON PROVINCE, NEAR CHONG MEK BORDER CROSSING AREA.
19. IN ADDITION TO LUMBER, OUR SOURCE NOTED, THAI IMPORTERS
ALSO IMPORT FROM LAOS WOOD-RELATED PRODUCTS SUCH AS RESIN AND
PINE SOAP AND OTHER FOREST PRODUCTS SUCH AS HDRBS AND NUTS.
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WHITEHOUSE

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